

## **Statutory Treatment Of Municipal Revenues**

### **GENERAL FUND REVENUES**

A fundamental principle of municipal finance in Massachusetts is that all revenue, received or collected from any source and by any department, belongs to a common pool referred to as the general fund. As such, it is unrestricted and available for expenditure for any lawful purpose after appropriation by town meeting, a town council or city council. (M.G.L. Ch. 44 Sec. 53). Included is real and personal property taxes, excises, special assessments and betterments, unrestricted local aid, investment and rental income, voluntary and statutory payments in lieu of taxes and other local receipts not expressly dedicated by statute.

Municipalities can only segregate money for specific purposes if authorized to do so by another general law or special act. Cities and towns cannot unilaterally decide to hold, earmark or set aside funds to finance a particular project or purchase, even if it intends to spend through an appropriation later.

Anticipated general fund revenues for the fiscal year may be appropriated as the tax levy (raise and appropriate) until the tax rate is set. Collections during the year above the estimates used to set the rate are not ordinarily available for appropriation until after the close of the fiscal year and certification by the DOR Director of Accounts as part of the municipality's undesignated fund balance (free cash).

### **SPECIAL REVENUE FUNDS**

Particular revenues segregated from the general fund into a separate fund and earmarked for expenditure for specified purposes by statute. Special revenue funds are classified based on the availability of the funds for expenditure and need for a prior appropriation. Special revenue funds include annual revenue funds, receipts reserved for appropriation and revolving funds. They also include gifts and grants from governmental entities and private individuals and organizations. Special revenue funds must be established by statute.

#### **Annual Revenue Funds (Estimated Receipts)**

Annual revenue streams segregated from the general fund into a separate fund to separately budget and account for services that generate, or for purposes supported by, those revenues. Includes enterprise funds for services financed and delivered in a manner similar to private enterprises in order to account for all costs, direct or indirect, of providing the goods or services.

Enterprise Funds	c. 44, § 53F½
(Utility, Health Care, Recreational, Transportation Facility)	
Community Preservation	c. 44B
Fund Light Plant Receipts	c. 164, § 57
(Appropriated by Light Plant Board)	

**Receipts Reserved for Appropriation (Actual Collections)**

Receipts from a specific revenue source segregated from general fund into a separate fund and earmarked for appropriation for specified purposes by statute. Appropriations are limited to actual collections on hand and available.

Ambulance Receipts	c. 40, § 5F
Waterways Improvement Fund	c. 608, §§ 2(i) & 4
	c. 40, § 5G
Sale of Real Estate	c. 44, § 63
Dog Fees	c. 140, § 147A
	c. 140, § 172

**Revolving Funds (Actual Collections)**

Receipts from a specific revenue source segregated from general fund into a separate fund and earmarked for expenditure without appropriation for specified purposes by statute to support the activity, program or service that generated the receipts. Typically authorized for programs or services with expenses that (1) fluctuate with demand and (2) can be matched with the fees, charges or other revenues collected during the year. The board or officer operating the program is usually given spending authority, but can only spend from actual collections on hand and available.

Arts Lottery Council Monies	c. 10, § 58
School Rental Receipts	c. 40, § 3
Parks and Recreation Fees	c. 44, § 530
Departmental Revolving Fund	c. 44, § 53EY2
Outside Consultants Revolving (Planning/Zoning/Health/Conservation)	c. 44, § 53G
Student Athletic and Activities	c. 71, § 47

**Trust and Agency Funds**

Fiduciary funds segregated from the general fund to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governmental units, etc. These include expendable trust funds, non-expendable trust funds, pension trust funds and agency funds.

Examples of Trust Funds are:

Scholarship Fund	c. 60, § 3C
Local Education Fund	c. 60, § 3C
Cemetery Perpetual Care Fund	c. 114, § 25

Examples of Agency Funds are:

## DEPARTMENT OF REVENUE

### DIVISION OF LOCAL SERVICES

### TECHNICAL ASSISTANCE SECTION

Police Outside Detail Fund	c. 44, § 53C
Student Activity Agency Account	c. 71, § 47
Sporting License Receipts	c. 131, § 18

### Appropriated Special Purpose Funds

Statutory funds to account for allocation of general revenues by the appropriating authority to particular purposes.

Reserve Fund	c. 40, § 5A (cities) c. 40, § 6 (towns)
Stabilization Fund (unrestricted)	c. 40, § 5B
Pension Reserve Fund	c. 40, § 5D
Unemployment Compensation Fund	c. 40, § 5E
Conservation Fund	c. 40, § 8C
Overlay (annual accounts)	c. 59, § 25
Overlay Surplus (balances)	c. 59, § 25

### Enterprise Revenues

Water Surplus	c. 41, § 69B
Landfill/Trash Collection Charges	c. 44, § 28C(f)
Landfill Closure Reserve	c. 44, § 28C (f)
Enterprise Funds	c. 44, § 53FYz
Electric Light Receipts	c. 164, § 57

### Temporary Funds (Expire At Year's End)

Reserve Fund	c. 40, § 5A (cities) c. 40, § 6 (towns)
Free Cash (Must be certified by DOR)	c. 59, § 23
Enterprise Retained Earnings (Must be certified by DOR)	c. 44, § 53FYz c. 59, § 23
Overlay Surplus	c. 59, § 25

### Revolving Funds (No Appropriation Needed)

Arts Lottery Council Monies	c. 10, § 58
School Rental Receipts	c.40, §3
Centennial Celebration	c. 40, § 5H
Performance Bond Forfeitures (Up to \$100,000 by local option)	c. 41, § 81U
Expedited Permitting Fees	c. 430, § 6(b)
Special Detail Funds	c. 44, § 53C

**DEPARTMENT OF REVENUE****DIVISION OF LOCAL SERVICES****TECHNICAL ASSISTANCE SECTION**

Parks and Recreation Fund	c. 44, § 53D
Departmental Revolving Fund	c. 44, § 53E <sup>1</sup> / <sub>2</sub>
Energy Revolving Loan Fund	c. 44, § 53E <sup>3</sup> / <sub>4</sub>
Outside Consultants Revolving Fund (Planning/Zoning/Health/Conservation)	c. 44, § 53G
Anniversary Celebration Fund	c. 44, § 53I
Affordable Housing Trust Fund	c. 44, § 55C
Educational TV Trust Fund	c. 71, § 13H
Culinary Arts Programs	c. 71, § 17A

**Revolving Funds (continued)**

School Day Care Receipts	c. 71, § 26C
Student Athletic and Activities	c. 71, § 47
Student Activity Agency	c. 71, § 47
Community Schools Programs	c. 71, § 71C
Adult Continuing Education	c. 71, § 71E
Use of School Property	c. 71, § 71E
Non-resident Students' Tuition	c. 71, § 71F
Vocational Education Programs	c. 74, § 14B
School Choice	c. 76, § 12B(0)
Law Enforcement Trust	c. 94C, § 47
Wetlands Protection Fund	c. 131, § 40
	St. 1997, c. 43, § 218
	St. 1998, c. 194, § 349
Multi-community Yard Waste Program	St. 1993, c. 179
School Bus Advertising Receipts	St. 2002, c. 184, § 197
Extended Election Polling Hours	St. 1983, c. 503
School Lunch Fund	St. 1948, c. 548

**Other Special Purpose Funds (Held-Over From Year To Year)**

Fingerprinting Fees (local portion)	c.6, § 172B <sup>1</sup> / <sub>2</sub>
Tax Credit Bond Proceeds	c. 44, § 21B
Self-Insurance Health Fund	c. 32B, § 3A
Other Post Employment Benefits (OPEB) Liability Trust Fund	c. 32B, § 20
Stabilization Fund	c. 40, § 5B
Pension Reserve Fund	c. 40, § 5D
Unemployment Compensation Fund	c. 40, § 5F
Ambulance Receipts Reserved	c. 40, § 5F
Beach and Pool Receipts Reserved	c. 40, § 5F
Golf Course Receipts Reserved	c. 40, § 5F
Skating Rink Receipts	c. 40, § 5F
Reserved Waterways Improvement Fund	c. 40, § 5G
	c. 60B, § 2(i)
Conservation Fund	c. 40, § 8C

**DEPARTMENT OF REVENUE****DIVISION OF LOCAL SERVICES****TECHNICAL ASSISTANCE SECTION**

Recycling Commission Fund	c. 40, § 8H
Building Insurance Fund	c. 40, § 13
Workmen's Compensation Fund	c. 40, § 13A
Parking Meter Fees	c. 40, § 22A
Off-street Parking Receipts	c. 40, §§ 22B & 22C
Commission on Disabilities Fund	c. 40, § 22G
Compensated Absences	c. 41, § 31D
Bond Proceeds	c. 44, § 20
State Highway and Water Pollution Funds	c. 44, § 53
Insurance/Restitution Proceeds (Up to \$20,000)	c. 44, § 53
Lost School Books/Industrial Arts Supplies	c. 44, § 53
Grants and Gifts	c. 44, § 53A
	c. 71, § 37A
Sale of Real Estate Proceeds	c. 44, § 63
Community Preservation Fund	c. 44B, § 7
Overlay	c. 59, §§ 25 & 70A
Local Education Fund	c. 60, § 3C
Scholarship Fund	c. 60, § 3C
Low Income Seniors Disabled Tax Relief Fund	c. 60, § 3D
Wastewater Disposal Receipts	c. 83, § IG
Estimated Sewer Betterments	c. 83, § 15B
Bicyclist Traffic Fines Receipts Reserved	c. 85, § IIE
Non-Resident Student Motor Vehicle Registration	
Fines Receipts Reserved	c. 90, § 3½
Weight and Measure Fines Receipts Reserved	c. 98, § 29A
Educational/Instructional Materials Trust Fund	c. 71, § 20A
METCO Reimbursements	c. 76, § 12A
Cemetery Sale of Lots Fund	c. 114, § 15
Cemetery Perpetual Care Funds	c. 114, § 25
Spay and Neuter Deposits	c. 140, § 139A
Dog Fees	c. 140, § 147A
	c. 140, § 172
Building and Fire Code Enforcement	
Fines Receipts Reserved	c. 148A, § 5